

Report on Trade and Investment Barriers (1 January 2018 – 31 December 2018)

SUMMARY

1. Overall stock of trade and investment barriers

The first section of the report presents an analysis, per country, per type of barrier and per sector, of the total stock of 425 active trade and investment barriers registered in the Market Access Database across 59 trading partners.

The report reveals that China has taken over as the country with the highest stock of recorded barriers, with 37 obstacles hindering EU export and investment opportunities. Russia came a close second with 34 barriers currently in place, followed by India (25), Indonesia (25) and the United States with 23 barriers. Other third countries with ten or more trade barriers registered include Turkey (20), Brazil (18), South Korea (17), Australia (15), Thailand (12), Mexico (11) and Algeria (10).



2. Trade and investment barriers reported in 2018

The first section of the report also offers a quantitative and qualitative analysis of the 45 new barriers reported to the Commission in 23 third countries in 2018. The highest occurrence of new barriers in 2018 was reported in the trade and investment relations with Algeria (5) and India (5), followed by China (4), and the United States of America (4).

The report also provides an analysis of the trade flows potentially affected by all new barriers. In this context, the report shows that our Market Access Partnership helped identify and, more importantly, start the removal strategy of the 45 trade and investment barriers that - taken together - could affect EU exports potentially up to €51.4 billion.

In terms of their possible impact, barriers in industrial sectors such as ICT; precious metals; and iron, steel and non-ferrous metals sectors stood out, combining for 73 percent of the affected exports.

The second section of the report provides a more detailed analysis of the new barriers reported in 2018, focussing on the trading partners for which four or more barriers were recorded in 2018 and which represent the lion's share of the EU's potentially affected trade flows (81 percent), namely China, the United States of America, India and Algeria – in this order. In this regard, the following barriers are described in the report in detail:

- China (4 new barriers – estimated trade flows concerned up to €25.7 billion):
 - Draft Cybersecurity Multi-Level Protection Scheme
 - Culinary gas-filled whippers and chargers
 - Restrictive standards into food regulation
 - Salt monopoly rules
- USA (4 new barriers – estimated trade flows concerned up to €6.8 billion):
 - "Section 232" duties on steel and aluminium imports
 - US Tax Cuts and Jobs Act
 - Classification of multilayer parquet for customs purposes
 - "Formaldehyde Act"
- India (5 new barriers – estimated trade flows concerned up to €6.5 billion):
 - Registration process of cosmetics
 - Increase of import tariffs on polished diamonds
 - Automotive duties and standards
 - Standards for distilled alcoholic beverages, wine and beer
 - Mandatory veterinary certificates upon importation of leather goods
- Algeria (5 new barriers – estimated trade flows concerned up to €2.7 billion):
 - Suspension of imports of certain products
 - Increase in custom duties on certain products
 - VAT obligation
 - Restrictions on dry ports in the port of Algiers
 - Request for certification of free movement

3. Trade and investment barriers resolved in 2018

The third section of the report elaborates on the tools used in the Market Access Strategy to address these barriers. The report reveals that, overall, under the mandate of the current Commission, 123 barriers were resolved: 23 barriers addressed in 2015, 20 resolved barriers in 2016, a record number of 45 successfully tackled barriers in 2017 and 35 removed barriers in 2018.

In 2018, 35 trade barriers could fully or partially be resolved in 25 third countries in mainly eight sectors of economic activity – agriculture and fisheries, automotive, wines and spirits, textiles and leather, cosmetics, ICT, mineral products, aircraft parts – as well as horizontally.

Egypt was first in line with three trade barriers resolved in 2018, followed by Brazil, Turkey, Argentina, China, South Korea, India, Algeria and Russia (two each).

The following success stories are also described in more detail, focussing on the countries with the most significant trade flows potentially affected by the resolved measures:

- Russia (2 barriers resolved – estimated trade flows concerned up to €1.8 billion):
 - Violation of WTO bound rates for import tariffs
 - Anti-dumping measures on Light Commercial Vehicles (LCVs)
- China (2 barriers partially resolved – estimated trade flows concerned up to €1.2 billion):
 - Import conditions related to milk and dairy products
 - Import ban imposed on bovine/ovine genetic material
- United Arab Emirates (1 barrier resolved – estimated trade flows concerned up to €1.2 billion):
 - New labelling requirements for cosmetics
- Egypt (3 barriers resolved – estimated trade flows concerned up to €1.2 billion):
 - Duties on cars
 - Labelling requirements for textiles
 - Handling of mixed invoices containing preferential and non-preferential goods
- Japan (1 barrier resolved – estimated trade flows concerned up to €1.1 billion):
 - Additives for food and beverages
- India (2 barriers partially resolved – estimated trade flows concerned up to €457 million):
 - Mandatory veterinary certificates for importing leather
 - Import and re-export of used telecommunications equipment
- South Korea (1 barrier resolved and 1 barrier partially resolved – estimated trade flows concerned up to €262 million):
 - Ground clearance
 - Repaired goods

In addition to the analysis of trade flows for individual barriers (as described above), the report also includes a refined econometric analysis to assess the positive impact of this barrier removal work under the Market Access Partnership overall. The analysis has shown that the removal of barriers over the 2014-2017 period have generated additional exports of at least €6.1 billion for EU companies in 2018. To compare, our analysis last year using the same methodology yielded a figure of €4.8 billion: this underlines that, as protectionism has risen abroad, so have our efforts to bring down barriers.

In the closest cooperation with Member States and stakeholders, the Commission remains fully committed to continue further reinforcing the Market Access Partnership to effectively tackle barriers and enhance opportunities for EU operators operating around the world.

